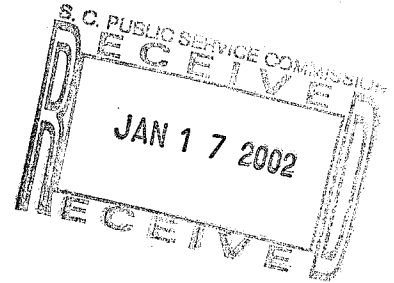


**POSTED**  
01-17-02

**BEFORE**

**THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA**

**DOCKET NO. 2000-0210-W/S**



IN RE: )

Application of United Utility Companies, )  
Inc. for adjustment of rates and )  
charges for the provision of water )  
and sewer service. )

**DIRECT TESTIMONY  
OF  
CARL DANIEL**

1 **Q. Would you please state your name and business address?**

2 **A.** My name is Carl Daniel, and my business address is 5701 Westpark Drive, Suite 101,  
3 Charlotte, NC 28217.

4 **Q. What is your current position of employment?**

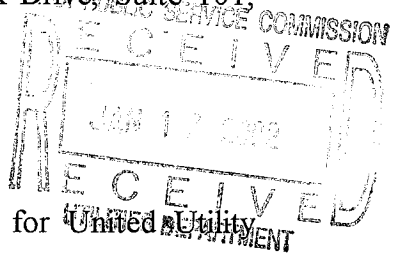
5 **A.** I am Group Vice President and Regional Director of Operations for United Utility  
6 Companies, Inc.

7 **Q. How long have you been employed in the water and wastewater industries?**

8 **A.** Approximately 28 years.

9 **Q. What is your educational and professional background?**

10 **A.** I hold a Bachelor's Degree in Business Administration from Pfeiffer University in North  
11 Carolina. Throughout my career, I have held the positions of Operator, Operating Manager,  
12 Area Manager, Regional Director, and Vice President. During that time, I have both  
13 operated and managed water supply systems and wastewater treatment facilities. Also, I



DATE: 01 17 02  
BY: [Signature]

1 have overseen the completion of major capital improvements and have been the Company  
2 spokesperson with regard to health, environment, and utility regulations in several states.

3 **Q. What are your duties with United Utility Companies, Inc.?**

4 **A.** I am responsible for making sure our customers receive the best possible service. As such,  
5 I am responsible for all operating personnel, facilities, maintenance and capital projects. In  
6 addition, I am responsible for communications with state and federal regulators, including  
7 state utility commissions, regarding environmental and drinking water standards as well as  
8 other operational issues.

9 **Q. Would you describe your experience in testifying before state utility commissions**  
10 **regarding rate cases?**

11 **A.** Yes. I have testified before the commissions in North Carolina, South Carolina, Maryland,  
12 and Virginia.

13 **Q. Mr. Daniel, what is the purpose of your testimony in this proceeding?**

14 **A.** The purpose of my testimony is to provide the Commission with a brief overview of our  
15 South Carolina operations, as well as our continued efforts to provide our customers with the  
16 best possible water and sewer utility service.

17 **Q. Mr. Daniel, would you briefly describe the Company's water and sewer operations here**  
18 **in South Carolina?**

19 **A.** Yes. I would be more than happy to do so. United Utility Companies, Inc. was formed in  
20 1975 in response to financial and regulatory difficulties that several smaller operators of  
21 independent water and sewer utilities were having in upstate South Carolina. The  
22 Company's parent, Utilities, Inc., agreed to take these systems over at the urging of local and

1 state government officials and with the Commission's approval. By consolidating these  
2 systems and applying our expertise, economies of scale have resulted and a more stable  
3 situation has been created in which these systems can function. Today, United Utility  
4 Companies, Inc. provides water and/or sewer service to approximately 1,500 customers. We  
5 deliver safe and reliable water service to our customer's homes by way of deep drilled wells  
6 and/or through the purchase and resale of bulk water. We also provide comprehensive sewer  
7 service through our wastewater treatment facilities. Through cost saving measures and  
8 operating efficiencies, we have not sought or received rate relief for more than 10 years.

9 **Q. Who is responsible for ensuring that the United Utility Companies, Inc. customers are**  
10 **receiving quality utility service?**

11 **A.** I have overall responsibility for ensuring that all our customers receive quality utility service.  
12 To meet this responsibility, our company must hire and maintain a highly qualified and  
13 professional staff of individuals both in the office and in the field. We also continue to make  
14 customer satisfaction the primary responsibility of each and every United Utility Companies,  
15 Inc. employee.

16 **Q. Please outline a few of the ongoing programs United Utility Companies, Inc. has in**  
17 **place to help ensure that customers receive quality utility service.**

18 **A.** We hold periodic staff meetings to specifically address service concerns, as well as to  
19 increase employee sensitivity to customer satisfaction. Topics covered include service  
20 problems encountered, steps taken to solve these problems, new regulations and cost control  
21 measures. These regular meetings also serve as an opportunity to reinforce our customer  
22 service philosophy, as well as to keep each of us focused on what is important — our

1 customers. We also provide continuing education programs for all employees, which include  
2 classes routinely conducted by both United Utility Companies, Inc. staff, as well as outside  
3 experts. By keeping up to date with new methods and changing regulations, this enables our  
4 most valuable resource, our people, to provide better service, as well as hold down costs.  
5 Our capital improvements program, as well as our ongoing operational programs such as  
6 routine testing, and periodic water main flushing to improve water quality, the use of  
7 sequestering agents to reduce the effects of minerals which may occur naturally in ground  
8 water, the cleaning of 10% of sewer collection mains each year to minimize the potential for  
9 back-ups, and our 24-hour-a-day, seven-day-a-week on-call emergency service ensures that  
10 our customers are provided the best possible service. It also ensures that company-wide  
11 facility and safety standards are properly maintained.

12 **Q. Does increased federal regulation of the water and wastewater industries continue to**  
13 **impact United Utility Companies, Inc.?**

14 **A.** Yes. The Safe Drinking Water Act (SDWA) and the Clean Water Act (CWA) have  
15 dramatically changed the water and wastewater industry. It has placed additional costs upon  
16 water and wastewater utilities. While we have already complied with a good portion of the  
17 requirements contained in the reauthorization of the SDWA, new requirements continue to  
18 be promulgated. Likewise, the requirements of the CWA continue to evolve. For example,  
19 just recently the South Carolina Department of Health and Environmental Control Board  
20 approved an increase in its fees chargeable to water and sewer utilities it collects under those  
21 laws. If approved by the General Assembly, those regulations will result in higher fees to  
22 the Company.

1     **Q.     How does this impact United Utility Companies, Inc.'s customers?**

2     **A.**As I mentioned, the cost of providing service increases, however, our customers receive the  
3           benefit of the protection of their waterways, as well as being provided with drinking water  
4           that is free of harmful contaminants. Our customers also benefit from United Utility  
5           Companies, Inc.'s continued commitment to provide them with safe reliable utility service.  
6           In fact, DHEC required monitoring by our certified operators alone has increased by more  
7           than 200% since our last rate case.

8     **Q.     What improvements or upgrades has the Company made since the last rate case?**

9     **A.**Since our last rate case in August of 1990, we have made numerous upgrades to all of the  
10          United Utilities Companies facilities to meet new DHEC and OSHA requirements. We have  
11          installed computerized flow measurement equipment, computerized sampling equipment,  
12          and dechlorination systems at each of our wastewater treatment plants. We have also  
13          installed digesters and blowers, purchased a generator to operate facilities in case of power  
14          failures, rebuilt filters, and replaced storage tanks just to name a few.

15    **Q.     Mr. Daniel, were you present at the night hearing in this matter held on November 27,**  
16          **2001?**

17    **A.**Yes, I was.

18    **Q.     Did you hear any of the Company's customers testify regarding the condition of roads**  
19          **in the River Forest Subdivision?**

20    **A.**Yes, I did.

21    **Q.     Is that subdivision an area served by the Company?**

22    **A.**Yes, it is.

1     **Q.     How long has the Company served that subdivision?**

2     **A.     The subdivision was being served when the Company acquired the service area in 1988 from**  
3             **R & R Investments.**

4     **Q.     How long had the subdivision been in existence when the Company acquired the service**  
5             **area?**

6     **A.     It is my understanding the subdivision was originally developed in the 1970's.**

7     **Q.     Were the roads in the subdivision already installed and paved when the Company**  
8             **acquired the service area?**

9     **A.     Yes, they had.**

10    **Q.     Have the roads in the subdivision been re-paved since the Company acquired the**  
11          **service area?**

12    **A.     Sections have been re-surfaced, however, there are still problems existing mostly with the**  
13          **poor subsurface. This problem, which causes settling and damage to pavement has yet to be**  
14          **corrected by the original developer or the County. Also, water line repairs made by the**  
15          **Inman, Campebello Water District, caused many of the potholes that currently exist.**

16    **Q.     Who owns the roads in the subdivision?**

17    **A.     I do not know who holds legal title, but I assume that it is Spartanburg County or another**  
18          **government entity. I do know, however, that the Company does own the roads.**

19    **Q.     Does the Company make repairs to areas it has excavated with its own material,**  
20          **equipment and personnel?**

1     **A.**     No, we do not. We subcontract that work to local paving contractors, and I assure you that  
2             whenever we cut the roads to make necessary sewer main repairs, prompt and proper road  
3             repairs are made.

4     **Q.**     **Mr. Daniel, did you also hear customers at the night hearing make reference to**  
5             **increases in the cost of living since the Company's last rate case?**

6     **A.**     Yes, I did.

7     **Q.**     **When was the Company's last rate case?**

8     **A.**     The Company's last rate increase request was in August 1990.

9     **Q.**     **What is your understanding of the position expressed by some of the customers**  
10            **commenting on the change in the cost of living since the last rate case?**

11    **A.**     I understand from some of the customers comments that they recognize the Company should  
12            receive rate relief to take into account the increases in the cost of living that have  
13            accumulated since our last rate case. Although the Company believes that a higher level of  
14            rate relief can be justified, the comments I heard indicate that customers recognize that costs  
15            are not static and some level of relief is appropriate for that reason alone. The Company  
16            appreciates the candor of these customers' testimony since, all too often, the Company finds  
17            that applications for rate relief are met by absolute and complete opposition.

18    **Q.**     **Does this conclude your testimony?**

19    **A.**     Yes.